

TAFT CENTRE OF TARIFF AGITATION

His First Attempt at Change
Was the Negotiation of
Canadian Reciprocity.

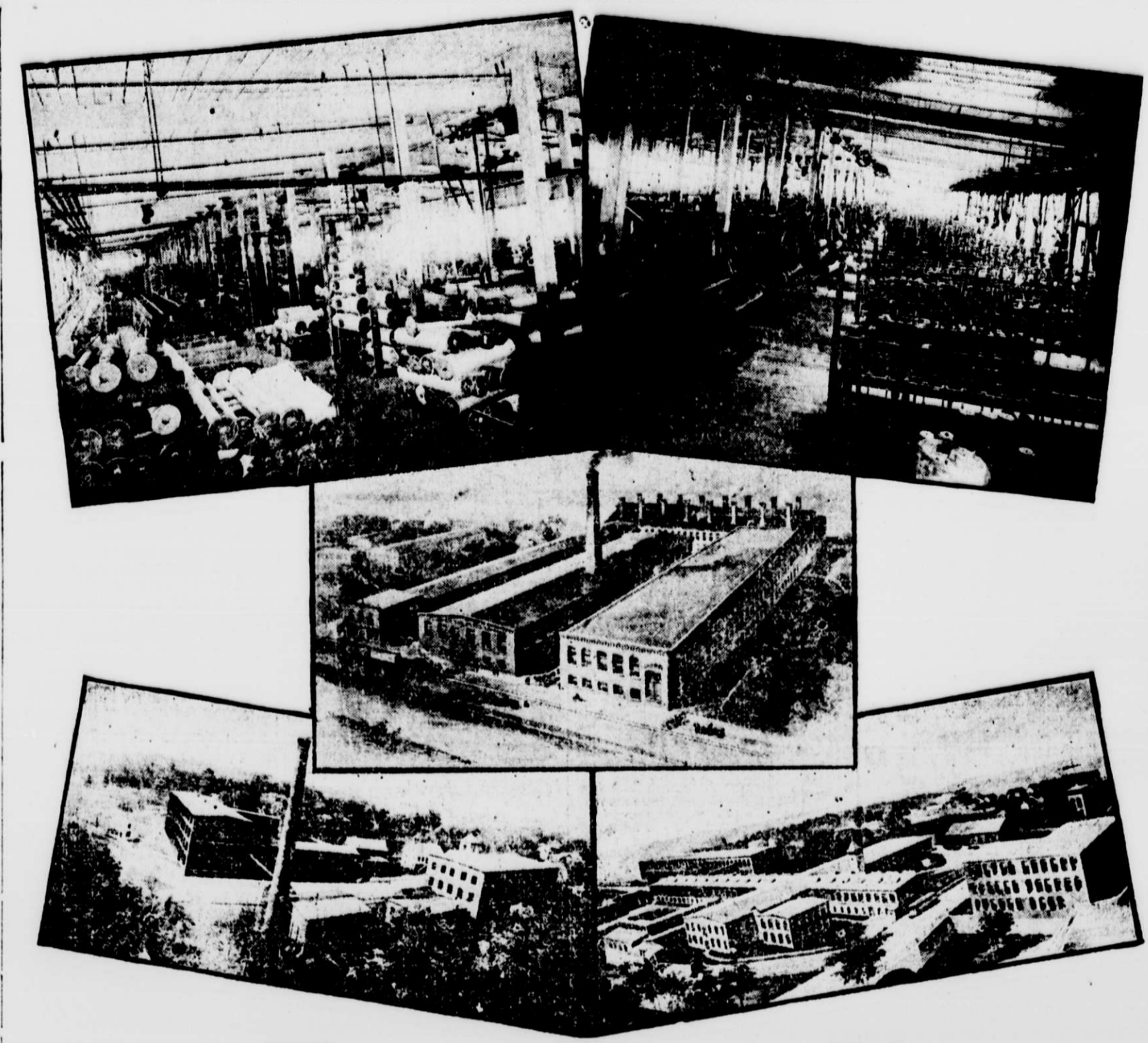
LESS SHODDY NOW USED

Manufacture of Fabrics Into
Which It May Enter Con-
siderably Lessened.

Of most of the tariff legislation enacted during the term of President Taft's tenure of office the President has been the storm centre. His first notable attempt at tariff reform was the negotiation of the reciprocity treaty with Canada. As the result proved, neither a majority of the members of his party in either the House or the Senate nor the electors of the Dominion of Canada wanted it, claims a writer in the *Textile Manufacturers' Journal*. Many American manufacturers stoutly opposed reciprocity, others favored it mildly as the best means of satisfying the public that while nothing radical was wrong with the Payne-Aldrich act, its provisions, so far as they might affect trade with Canada, might be amended.

It was especially for the planters of the South that the Ways and Means Committee of the House under Mr. Underwood's leadership reported the so-called farmers' free list bill. The Underwood bill reducing duties on wool and their shoddy manufactures was reported early in June and accompanied by a lengthy report of over three hundred pages. Articles entering into competition with trust-controlled products should be placed on the free list and material reduction should be made in the tariff on the necessities of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home. This report to the House contained the first of those authoritative statements showing how many millions of dollars the tariff on wool goods cost the people. Mr. Underwood and his Democratic colleagues on Ways and Means signed the following statement: There are at present over ninety-two millions of people in the United States. It was estimated that one-fifth of that number are heads of families or men and wear suits of clothes made of cloth. Here are over eighteen million suits of clothes. There are fully as many adult women who wear clothing involving as much, probably more, woolen or worsted cloth of the same character. Therefore there are over thirty-six million suits of clothes, which is equivalent to 128,000,000 yards of cloth annually consumed by the adults. If the estimate is made on the basis that only one suit of clothes is bought by the average adult per annum. It is also a low estimate that one-fifth of this amount of cloth has to be used for clothing of non-adults, making a total consumed of over one hundred and seventy million yards. The tariff rate of 40 cents per yard means, therefore, to say nothing of any increase in tax as it passes down through the hands of the manufacturer, jobber and retailer, not less than one hundred million dollars paid by the people.

The average ad valorem equivalent of the duties on all raw wool was 41.31 per cent. The bill provides an ad valorem rate of 20 per cent on all raw wools. With this duty on raw wools, material for the manufacturers, amounting to about 10 per cent, on



Iroquois Mill.

SOME OF THE MODEL MILLS OF THE UNITED STATES WORSTED CO. AND INTERIORS SHOWING ARRANGEMENT ON FLOORS AND SANITARY CONDITIONS.

the manufactured product, the margin between the tax on the raw wool and the average ad valorem rate on the manufactured goods, as estimated, is about 32.55 per cent. Under the Wilson act of 1894 the average ad valorem rate in 1893 was 47.84 per cent, with no tax on the raw wool, so that the margin on the rate on the manufactured goods was 47.84 per cent. In the Springer bill of 1897 the rate on the manufactured goods was for the most part 40 to 45 per cent. Likewise in the Mills bill of 1898 the rate on manufactured goods was for the most part 40 to 45 per cent. It is evident that the Underwood bill provides a much lower margin and hence a more competitive rate for manufacturers of wool than has been passed by the House of Representatives or enacted in any other Democratic measure since the tariffs of 1849 and 1857.

And the report added the following interpretation of certain of its figures, and

especially a statement of the principal materials used in the manufacture of woollen goods of all kinds.

This showed that there were interesting and important changes in the character of materials used during the last ten years. The quantity of wool consumed increased from 300,000,000 pounds to nearly 500,000,000, about 44 per cent. Reckoned on a secured basis the increase was about 50 per cent. The quantity of raw cotton used showed a decrease for the same period of over 50 per cent, while the amount of cotton yarn increased 11 per cent. The net increase showed a decided decrease in the amount of cotton used by wool manufacturers. The figures also show a marked decrease in the use of shoddy. The quantity purchased decreased 10 per cent, for use in woollen manufactures. This is explained by the fact that the manufacture of worsted fabrics into which the shoddy does not enter as a

material to any appreciable extent has increased enormously, while the quantity of woollen fabrics in which shoddy is utilized was actually less in 1909 than in 1899.

On August 17 the President sent to the House of Representatives his celebrated special message vetoing the Underwood bill. Especially interesting is Mr. Taft's own explanation of his creation of the Tariff Board. On the failure of the bill to create a permanent tariff commission the President, as he says, "Took such steps as I could to make the Tariff Board I had already appointed a satisfactory substitute for the proposed tariff commission. An appropriation of \$225,000, to continue the work until June 30, 1912, had been granted by Congress in the alternative, to be applied to the board I had appointed, unless a tariff commission bill was passed. In this appropriation bill the non-partisan tariff commission, if

created and appointed, was directed to make a report on Schedule K by December 1, 1911. Accordingly I added two members to the Tariff Board from the opposition party and directed the board to make report on Schedule K by December 1 next. The board differs in no way from the tariff commission as it would have been except in its power to summon witnesses, and I am advised by the members of the board that without this power they have had no difficulty in securing the information they desired."

As to the Underwood wool bill, the President discussed it as follows: "It was introduced and passed in the House as providing a tariff for revenue only and with the avowed purpose of departing from a protective tariff policy. The rate of duty on raw wools of all classes was changed from a specific duty of 11 cents a pound to 20 per cent ad valorem. On the average for the importations for the last two years this is a reduction from 47.24 per cent to 20 per cent. Rates on cloths were reduced in the bill from the present average duty of 37.27 per cent, to 40 per cent, and on wearing apparel from 31.31 per cent to 45 per cent. The bill was defeated in the Senate, and so was a substitute introduced as a protective measure. The proposed substitute fixed the duty on raw wool, first class, at 40 per cent, and on a second class of carpet wools at 10 per cent, and on cloths at 50 per cent, and on wearing apparel at the same rate. On reconsideration a compromise measure was passed by the Senate which was a compromise between the House bill and the Senate substitute. The rate on first class wool was fixed at 35 per cent, on carpet wools 10 per cent, and on cloth and wearing apparel 55 per cent in conference between the two houses the rate on all classes of raw wool was fixed at 20 per cent, this being an increase on carpet wools of 9 per cent, as fixed in the House bill and of 10 per cent, as fixed in the Senate bill. The conference rate on cloths and wearing apparel was fixed at 40 per cent. No evidence as to the cost of production here or abroad was published, and the compromise amendment in the Senate was adopted without reference to or consideration by a committee."

The report of Mr. Underwood and his colleagues on the Ways and Means Committee discussing the Underwood bill "to reduce the duties on manufactures of cotton" was again more voluminous than the report of the Democratic Ways and Means Committee on the Underwood wool bill, for this last comprised nearly 550 pages. The report does not overlook the beginning of the growth of the cotton manufacturing industry in the South.

"The manufacture of cotton," it says, "was begun in the South simultaneously with New England (1787), but it did not readily take firm foothold. The ruling classes, including men like Jefferson and Randolph, discouraged cotton manufacture on sanitary grounds, besides the people were wedded to agriculture because slaves could grow cotton better than they could manufacture it. More than forty-two cotton mills were erected from 1800 to 1820. In 1830 \$200,000 was invested in the industry, but by 1880 this investment had increased to \$3,840,721. Thus the Southern States by the time of the civil war had demonstrated the fact that the industry could exist there, though actual progress did not begin until some twenty years later."

"To show the almost incredible increase which has taken place in the industry in the Southern States it may be stated," the report goes on, "that the figures of this table indicate that the capital invested has increased more than 1,800 per cent, since 1879, the spindles more than 1,750 per cent, looms at about the same rate, the value of products more than 1,300 per cent, and the quantity of cotton consumed about 1,300 per cent."

Toward the end of the Underwood cotton bill report occurs the following, as if unconsciously to describe the incalculable importance to the cotton planters of the Southern States of a prosperous manufacturing community, the chief one, in fact, in a large and naturally rich section of the country where manufactures of all appropriate kinds, and chiefly the manufacture of cotton, are evidently essential to the prosperity of all the people.

"No other country in the world possesses the combination of advantages found in the southern part of the United States for profitable cotton cultivation. In this section the soil is naturally adapted to cotton growing, the climate is safer, the labor better than elsewhere, and the farm management more intelligent and experienced. Combined with these favorable conditions are good transportation facilities."

A zigzag line drawn on the map on page 418, from Norfolk, in southeastern Virginia, to the West, excluding the mountainous region of North Carolina and Tennessee, including the southwest corner of Kentucky and the southeast corner of Missouri, following approximately

the northern boundaries of Arkansas and Oklahoma to the eastern boundary of New Mexico, and then running south to a point on the boundary line between Mexico and Texas, marks off, in the southern and southeastern parts of the United States, the greatest cotton growing region of the world. This cotton producing area is about 1,450 miles long from east to west and about 500 miles in width. The total area of the counties from which cotton ginning was returned for 1910 is approximately 625,000 square miles, or about 400,000,000 acres; of this, only about one acre in every thirteen was devoted to cotton.

"Of the present annual world production of textile fibers the United States produces about 31 per cent, while for the two most important fibers, cotton and wool, the corresponding proportion is about 50 per cent. The world is, however, becoming every year more and more dependent upon cotton in the increasing fiber demands for the textile industry. Of the supply of this staple the United States is expected to produce about two-thirds, though in 1910 this country produced but about 80 per cent."

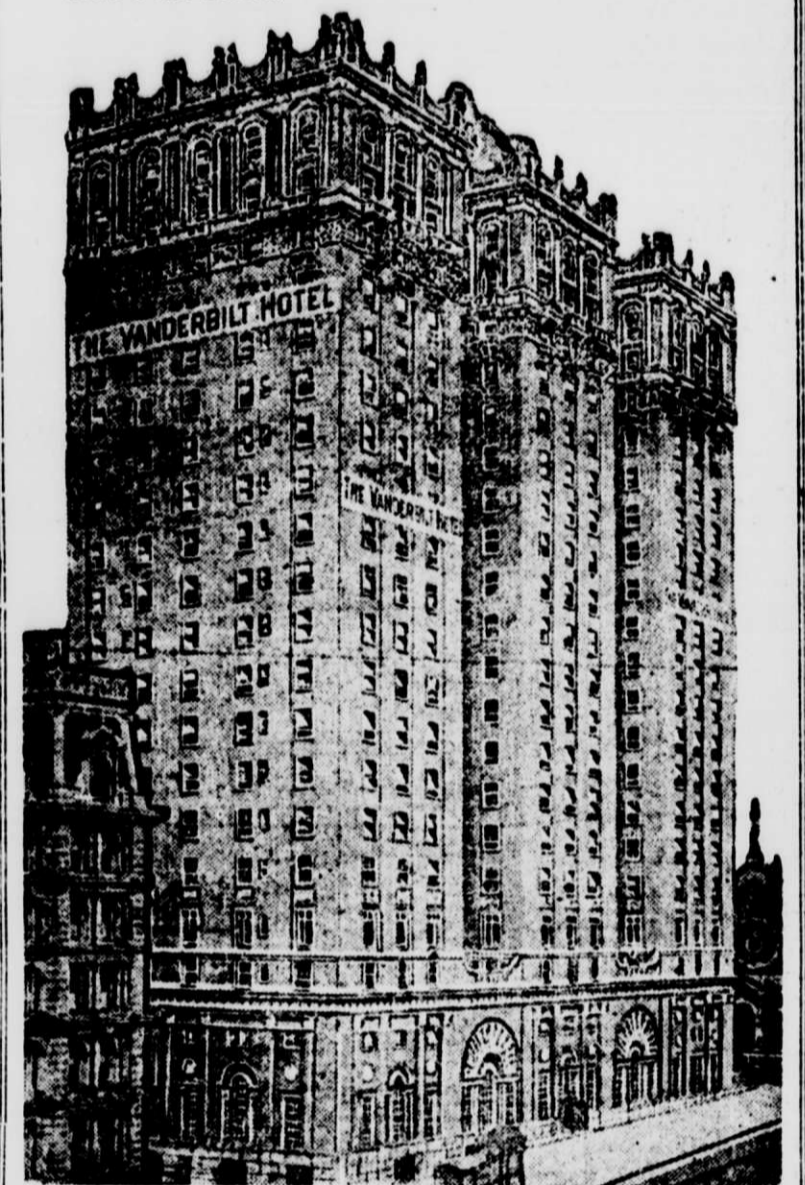
"The value of the present American cotton fiber crop is estimated at \$820,320,000. Only about one-third of the average American crop is consumed at home. If the entire quantity were used in the manufacture of this country, the total value of cotton goods made therefrom would approximate \$1,350,000,000. As two-thirds of our raw cotton is utilized by foreign manufacturers in the production of goods which are of finer average quality than those of domestic manufacture, the value of the goods manufactured from the average American cotton crop might be estimated at not less than \$2,000,000,000."

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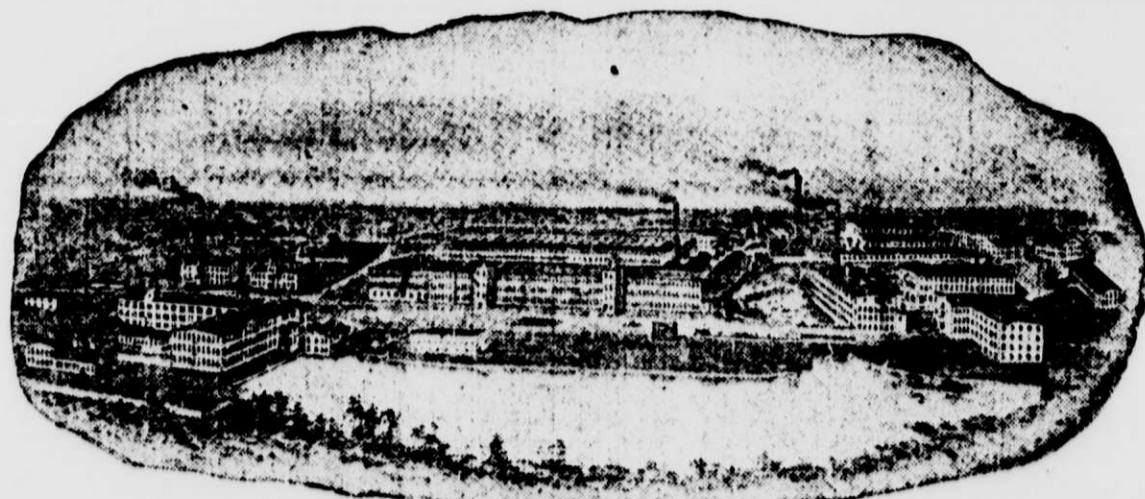
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